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Go g e

GPX: Zynga (GP20-005)

Submitted (PST): 9 Jan 2020

Meeting date (PST): 10 Feb 2020

Basic Information

Representatives	suenlee, vabney
Primary Presenter	suenlee
Reason for Escalation	Revenue Share
Product(s)	AdMob
Region(s)	NA

Detailed Information

Simba ID or Salesforce Opportunity	655729
Term Length (months)	■
Country Code	US
Currency Code	USD
Premium / Small Business (for DFP deals)	NA
Video Basic / Advanced (for DFP deals)	NA
Network IDs	NA
GRM/Greentea Division IDs	210063, 20607251, 25631850, 3957020
GRM/Greentea Parent Name	Zynga
Ask	<p>1) Maintain existing enhanced revshare of ■ on gross revenue; however, we are proposing to change the way in which they reach it.</p> <p>2) Google's tier termination discretion</p> <ul style="list-style-type: none"> • ■ • ■ <p><u>Current Contract Tiers:</u></p>

	<div data-bbox="630 128 987 233" style="background-color: black; width: 220px; height: 50px; margin-bottom: 10px;"></div> <p><u>Proposed Tiers</u></p> <div data-bbox="586 306 1092 411" style="background-color: black; width: 312px; height: 50px; margin-bottom: 10px;"></div> <div data-bbox="586 422 1109 527" style="background-color: black; width: 322px; height: 50px; margin-bottom: 10px;"></div> <div data-bbox="586 537 1073 642" style="background-color: black; width: 300px; height: 50px; margin-bottom: 10px;"></div> <div data-bbox="586 653 1349 716" style="background-color: black; width: 470px; height: 30px;"></div>
<p>Rationale</p>	<p>For this deal, we are trying to solve 3 problems:</p> <ol style="list-style-type: none"> 1. Maintain / grow the business with Zynga when they are optimizing away from AdMob due to our 3 tag policy 2. Stay competitive in their waterfall from a CPM perspective to ensure access to more valuable impressions 3. Grow iOS impressions on AdMob. This is a critical piece for PM and our network. Google's App Promo Revenue is [REDACTED] weighted [REDACTED] Android vs. [REDACTED] iOS). This creates deficiencies in our offering both on demand and inventory. Leads to slower flywheel on iOS compared to Android. <p>Zynga is the [REDACTED] largest AdMob iOS publisher by revenue ([REDACTED] in iOS impressions) at Google. Zynga represents a large source of premium apps inventory with a large potential for growth in both iOS and Android inventory. Over the last 2 years, our share of wallet has declined due to our 3 call policy. We are now filling [REDACTED] of Zynga's total iOS impressions. There is a large opportunity for us to expand iOS impressions through a deal with Zynga and increase the number of quality iOS impressions on our network.</p> <p><u>Proposed Solution</u></p> <p>We would like to change the base revshares in their account to [REDACTED] instead of the base [REDACTED].</p> <ol style="list-style-type: none"> 1. Maintain / grow our business - Using a monthly revenue minimum on iOS inventory will incentivize Zynga to think strategically about how they position our tags in their mediation waterfall. Today, they use AdMob for high CPMs and low fill. Putting a min revenue threshold in place will incentivize them to think more strategically and optimize based off of revenue instead of CPMs. If Zynga fails to meet the monthly revenue minimum for iOS, we would "clawback" the difference between [REDACTED] at the end of each month. 2. Staying competitive and more valuable impressions - Setting the revshare at [REDACTED] will increase our CPMs and we will be able to access more valuable impressions higher up

	<p>in Zynga's waterfall.</p> <p>3. Growing iOS inventory - The enhanced revshare we will be offering is based on an iOS min revenue each month.</p> <p><u>Growth</u></p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p><u>Platform flip / iOS inventory</u></p> <p>Zynga uses MoPub as their mediation platform. Currently, a mediation flip is not in consideration because:</p> <ul style="list-style-type: none"> • MoPub has built custom features and provides impression level CPM signals to Zynga which are currently against our policy. • MoPub offers advanced bidding at no charge, whereas AdMob is [REDACTED]. • Zynga tested our mediation platform via an A/B test last year and it performed on par with MoPub mediation. • Zynga is very unhappy at the level of technical support provided to them and commented its below par compared to other MoPub, IronSrc, FAN, etc.
Deal type	Renewal
If you selected the Deal Type as "New", please provide the plan on not auto-renewing the proposed discounting strategy. Please input "NA" for all other Deal Types.	NA
If you selected the Deal Type as ""Renewal"" please provide a summary of Deal Performance thus far compared to the Business Case presented at prior approval, and any key learnings taken into account in the renewal. Input NA for all other Deal Types.	<p>Zynga reached [REDACTED] of the expected [REDACTED] two year AdMob revenues. However, if we include AdX revenue, Zynga generated a total of [REDACTED] over that time period. Adding AdX is relevant because a portion of that was open auction revenue we originally estimated would be realized via AdMob, which has since been shifted back to AdMob during the back half of 2019, to follow Zynga's strategy of using Ad Manager primarily for direct and programmatic deals. The deal model for this deal includes that 'new normal' back half of 2019 in its base.</p> <p>We have seen growth in Zynga's AdMob business over the two years due to M&A activity. Our actual share of wallet for Zynga's apps has decreased significantly because we are unable to compete in Zynga's highly competitive MoPub waterfall.</p> <p>The enhanced revshares will give us an opportunity to move up in their waterfall and the revenue minimum will incentivize Zynga to optimize our demand based on iOS revenue growth vs. CPMs. If</p>

	Zynga does not meet the monthly iOS revenue minimum, we will 'clawback' the [REDACTED] difference between [REDACTED] at the end of each month.
Partner overview	<p>Zynga Inc. is a leading developer of the world's most popular social games that are played by more than 100 million monthly consumers. In total the company has 28 mobile app franchises and their flagship apps include FarmVille, Zynga Casino and Words With Friends. In the last 4 quarters, Zynga generated \$1.16Bn (+48% QoQ).</p> <p>Zynga is also one Google's largest mobile app gaming partners in terms of revenue. Their total ads business is [REDACTED] with [REDACTED] of it being indirect. Their direct business is through "Zade" (internal adserver). Their indirect business that manages mediation is MoPub which calls Google, Facebook, IronSource, AppLovin, MoPub, etc. Zynga also has a large business with our Google Play Team [REDACTED] and LCS ([REDACTED]).</p>
Link to Deal Model / Deal calculator	<u>Zynga Renewal (based on go/gpxmodel)</u>
Finance deal model/deal calculator owner or point of contact	ashleyklair
Risks and mitigation	<p><u>Risk</u></p> <ul style="list-style-type: none"> • We may continue to lose share of wallet because of Zynga's optimization strategy leveraging multiple tags. • Zynga is also open to inventory guarantees allowing networks to have a first look at their inventory in exchange for guaranteed CPMs and fill commitments. • There is a chance that Zynga hits the [REDACTED] tier for the entirety of the deal, but even if this were the case, AdMob's iOS revenue would increase by [REDACTED]. • If Zynga does not reach the enhanced revshare for the entirety of the deal, we could lose some Zynga iOS inventory on Google. Zynga is the 7th largest AdMob iOS publisher by revenue (26th in iOS impressions) at Google. <p><u>Mitigation</u></p> <ul style="list-style-type: none"> • Setting revshares at [REDACTED] in ICS will give Google better access in Zynga's waterfall and setting a revenue minimum will incentivize Zynga to optimize based on overall revenue. • Increasing our share of wallet with Zynga means that the overall value of their inventory will increase. Zynga could demand a larger premium for buyouts making it less attractive to networks.
Is your deal with, or implicate directly or indirectly, a special category of partners?	Priority/Velocity Partner
Is this deal with the	No

customer/partner being negotiated jointly or in conjunction with another deal with the customer/partner in a separate product area?	
Does this deal commit Alphabet to spend money with or for this customer/partner?	No

Free months at start of contract (to be filled by Finance)

Free months applies to:	Included in Deal? (Yes/No)	Number of Months
Waived Adx impressions on DFP	N/A	N/A
Core	N/A	N/A
Audience	N/A	N/A
DRM	N/A	N/A
Video	N/A	N/A
Data Transfer	N/A	N/A

Pricing for Adx Rev Share Products

Transaction Type	Existing Effective Rev Share (%) (for Renewal Deals)	Proposed Effective Rev Share (%)
Open Auction including First Look	N/A	N/A
Private Auction	N/A	N/A
Preferred Deals	N/A	N/A
Programmatic Guarantee	N/A	N/A
Exchange Bidding - Display	N/A	N/A
Exchange Bidding - Instream Apps & Video	N/A	N/A
Self Bought Inventory	N/A	N/A

Pricing for Other Rev Share Products


Product	Existing Effective Rev Share (%) (for Renewal Deals)	Proposed Effective Rev Share (%)
AdMob		
AFC	N/A	N/A
AFS	N/A	N/A

Pricing for Platform Products

DFP Product	Average monthly impressions volume	Average CPM over deal term	Proposed Overall Discount (%)	Existing Overall Discount (%) (for Renewal Deals)

Standard (Excluding waived AdX impact)	N/A	N/A	N/A	N/A
Standard (Including waived AdX impact)	N/A	N/A	N/A	N/A
Hosted Video	N/A	N/A	N/A	N/A
Non-Hosted Video	N/A	N/A	N/A	N/A
Audience 1st Party	N/A	N/A	N/A	N/A
DRM: Standard Video/Audio	N/A	N/A	N/A	N/A
DRM: Advanced Display	N/A	N/A	N/A	N/A
Data Transfer	N/A	N/A	N/A	N/A

Non-Standard Terms

Non-Standard Terms	Included in Deal?	Description
Minimum Fees/Spend and/or Volume Commitments	Yes	
Migration Cost Assistance	N/A	N/A
Cross-Product Incentives (e.g. waive ad serving fee for AdX impressions)	N/A	N/A
Mid-contract Rate Change	N/A	N/A
Exclusivity	N/A	N/A
Group Deal	N/A	N/A
Non-Standard Termination	N/A	N/A
Customized Product Feature or Technical Support	N/A	N/A
Policy Change or Exception	N/A	N/A
Additional Guarantees To The Partner	N/A	N/A
Additional Guarantees From The Partner	N/A	N/A
Other Non-Standard Terms Which	N/A	N/A

Might Have Accounting/Product Implications		
Does the deal include Marketer Direct Billing? If yes, please complete the go/mdb-form.	N/A	N/A

gTech Technical Support

gTech Flags (see go/gTechFlags before filling out this section)	Included in Deal?	Description
Does this deal require non-standard support, assigned technical support, or any new implementations? If so, please describe	No	N/A
Does this deal involve a significant increase in demand for gTech services (for any period of time)	No	N/A
Any other special asks for gTech for this deal?	No	N/A

Gross Revenue Success Metrics for AdX and DFP (to be filled by Finance)

Product	Year 1	Year 2	Year 3
Open Auction Including First Look	N/A	N/A	N/A
Private Auction	N/A	N/A	N/A
Preferred Deals	N/A	N/A	N/A
Programmatic Guarantee	N/A	N/A	N/A
Exchange Bidding	N/A	N/A	N/A
Self Bought Inventory	N/A	N/A	N/A
Standard	N/A	N/A	N/A
Video	N/A	N/A	N/A
Audience 1st Party	N/A	N/A	N/A
DRM	N/A	N/A	N/A

Net Revenue Success Metrics for AdX (to be filled by Finance)

Product - Transaction Type	Year 1	Year 2	Year 3
Open Auction including First Look	N/A	N/A	N/A
Private Auction	N/A	N/A	N/A
Preferred Deals	N/A	N/A	N/A
Programmatic Guarantee	N/A	N/A	N/A
Exchange Bidding	N/A	N/A	N/A
Self Bought Inventory	N/A	N/A	N/A

Non-Revenue Success Metrics (to be filled by Deal Team)

Metric	Description
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Revenue	Grow iOS revenue by [REDACTED] in Y1, [REDACTED] in Y2.
Platform / mediation test	Tests mediation on Google - enabling potential platform flip

Financial model

Gross Revenue	[REDACTED]	[REDACTED]	[REDACTED]
TAC	[REDACTED]	[REDACTED]	[REDACTED]
Net Revenue	[REDACTED]	[REDACTED]	[REDACTED]
Additional Deal Specific Revenue	-	-	-
Other Cost of Sales	[REDACTED]	[REDACTED]	[REDACTED]
Machine Costs	[REDACTED]	[REDACTED]	[REDACTED]
Additional Deal Specific Costs	-	-	-
Contribution Margin	[REDACTED]	[REDACTED]	[REDACTED]
<i>Contribution Margin</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>AdMob impressions (millions)</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>AdMob impressions (millions, monthly average)</i>	[REDACTED]	[REDACTED]	[REDACTED]

Gross Revenue	[REDACTED]	[REDACTED]
TAC	[REDACTED]	[REDACTED]
Net Revenue	[REDACTED]	[REDACTED]
Additional Deal Specific Revenue	-	-
Other Cost of Sales	[REDACTED]	[REDACTED]
Machine Costs	[REDACTED]	[REDACTED]
Additional Deal Specific Costs	-	-
Contribution Margin	[REDACTED]	[REDACTED]
<i>Contribution Margin</i>	[REDACTED]	[REDACTED]
<i>AdMob impressions (millions)</i>	[REDACTED]	[REDACTED]
<i>AdMob impressions (millions, monthly average)</i>	[REDACTED]	[REDACTED]

Cross-Functional Stakeholder Feedback

Function	Feedback / comments
Sales / BD	Pros: [kaviram] Supportive. Zynga is currently the [REDACTED] largest AdMob iOS publisher by revenue, but Google only monetizes [REDACTED] of their iOS impressions today. This deal therefore incentivizes further growth within that critical inventory. In addition, moving Zynga's UI rev share from [REDACTED] (versus leaving it at [REDACTED] and doing an end-of-month payment) will increase AdMob's CPMs and improve our waterfall positioning. The tier termination option allows Google to standardize the terms if the tiers are not being met consistently.

	<p>Cons: [kaviram] This deal maintains Zynga's favorable rev shares despite their being off-platform.</p>
Legal	<p>Redacted - Privilege</p>
Finance	<p>Pros: [ashleyklair] Supportive</p> <ul style="list-style-type: none"> ● Zynga is the [REDACTED] largest AdMob publisher globally [REDACTED] in iOS, [REDACTED] in Andriod). ● Tying tiers to iOS revenue will result in [REDACTED] gross revenue vs status quo, [REDACTED] in y1 ([REDACTED]) and [REDACTED] in Y2 ([REDACTED]). ● Expect the partner will be able to grow iOS revenue to continue to hit the [REDACTED] tier for the duration of the contract. ● [mzlotkin] Supportive, while difficult to operationalize we have data to support a deal of this nature <p>Cons: [ashleyklair] Does not align with the GPx AdMob principles of holding rate card or granting discounts to encourage partner to move on-platform.</p>
gTech	<p>[kmathrani] Supportive, confirmed that deal is financial only with no non-standard impact to gTech, and gTech will not be required to provide any non-standard support, billing, reporting or implementation.</p> <p>Pros:</p> <p>Cons:</p>
Product	<p>Pros: [dukellis] supportive. ios inventory is top prio. Zynga has traditionally been a difficult partner to win business from and i think this is structured in a way that achieves our specific desired goals. There is no extra platform work required here beyond what we are already doing.</p> <p>Cons:</p>
Policy	<p>[ellig] Supportive of the financial asks provided that there are no policy-related items with non-standard contractual language or non-standard implementations. Please note that, as per standard process, apps listed in the contract need to be reviewed by the Policy team. Please also share a redline of the contract with Policy prior to sharing with the partner as some tweaks to the current agreement are needed (i.e., removing the requirement to give notice in Section 3.2).</p>
Deal Governance	<p>Pros: [Supportive] Given that iOS Inventory is a critical inventory and tiered structure helps in driving the desired outcome from the partner.</p>

	Cons:
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